

Mystery of the Stella



THE NUMISMATIST

FOR COLLECTORS OF COINS, MEDALS, TOKENS AND PAPER MONEY

NOVEMBER 1987/\$3.⁰⁰

THE NUMISMATIST

OFFICIAL PUBLICATION OF THE AMERICAN NUMISMATIC ASSOCIATION

NOVEMBER 1987 / VOLUME 100, NUMBER 11



- 2304 THE STELLA: ITS HISTORY AND MYSTERY**
R.W. Julian

- 2317 FANTASY COINS OF GAETA**
Thomas F. Fitzgerald

- 2324 THE EARLIEST KNOWN ERROR ON
FEDERAL PAPER MONEY**
Ronald L. Horstman and Eric P. Newman

- 2331 KNIFE AND SPADE COINS: THE CITY-STATE
COINAGE OF ANCIENT CHINA**
Bruce W. Smith

ON THE COVER: Conceived by an eccentric inventor in the 1870s, the gold \$4 Stella still baffles numismatic scholars.

FEATURES

- 2285 From Your President**
2290 Letters
2297 Numismatic Narratives
2343 New Issues
2352 The Roman Coin Project
David R. Cervin
2355 Coins and Collectors
Q. David Bowers
2357 Lubell on Taxes
Myron S. Lubell
2359 Pearlman's People
Donn Pearlman
2361 Consumer Alert
Kenneth Bressett
2363 The Other Side of the Coin
Edward C. Rochette
2371 ANA Certification Service
Stop, Look, Listen!
2386 Young Numismatists
*Some Solutions to the Hazards
Facing Young Collectors
1988 Young Numismatist Awards*

- 2388 Museum**
Sheridan Donates Roman Coins
2394 Library
Anglo-Saxon Numismatics
2399 Donations

ANA CHRONICLE

- 2381 Little Rock Hotel Offers Comfort
and Convenience**
**2382 Clubs Encouraged to Schedule
Little Rock Meetings**
Montgomery Resigns ANACS Post

MEMBERSHIP NEWS

- 2404 Calendar of Events**
2408 Club Activities
2417 Membership Report
2423 Obituaries

MISCELLANY

- 2428 Statement of Ownership**
2429 Advertising Rates and Information
2476 Index to Advertisers

The Earliest Known Error on Federal Paper Money

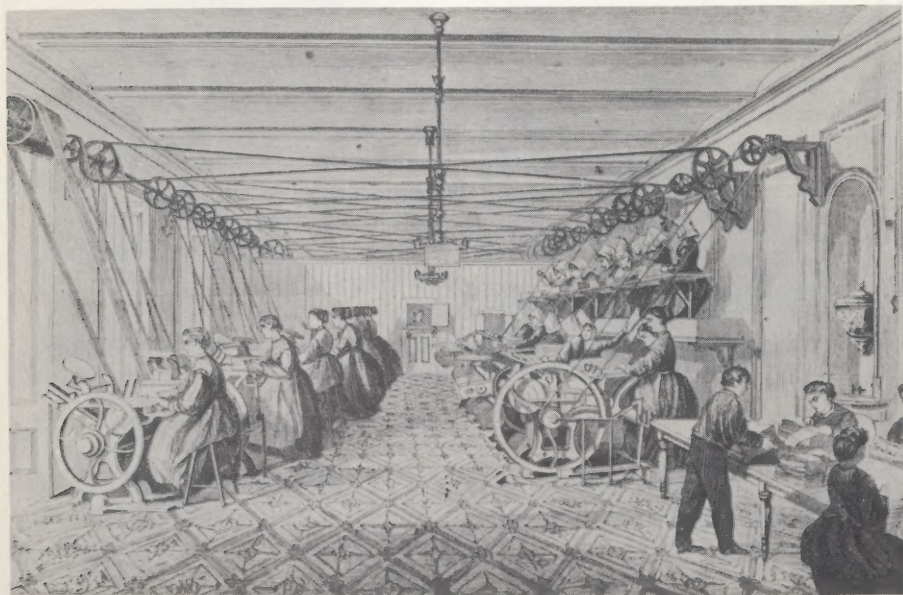
RONALD L. HORSTMAN AND ERIC P. NEWMAN LM 619

St. Louis, Missouri, provides the backdrop for an uncanny coincidence involving the discovery of an error on a United States Note.

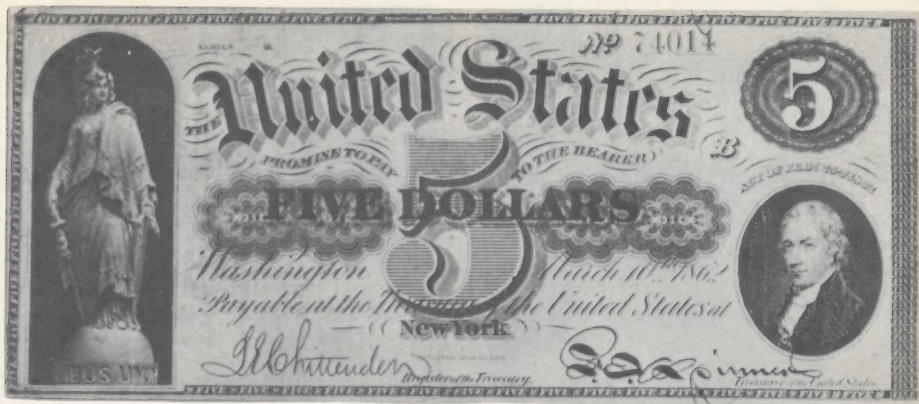
What appears to be the first error to occur on U.S. Federal paper money has recently been located. That currency item is a \$5 United States Note dated March 10, 1862, and lacking the Treasury Seal. It is remarkable that almost simultaneously with the appearance of the error, official

correspondence from the Treasury Department about such errors also was found. Neither the finder of the error note nor the finder of the written comments had any knowledge whatever of what the other had found—indeed a rare coincidence.

The Act of July 17, 1861, had authorized, among other items, the issuance of non-interest-bearing Demand Notes in denominations less than \$50 but not less than \$10, payable by the Assistant Treasurers of the United States at Philadelphia, New York and Boston. Each note was to have two, hand-written signatures of Treasury officials. The Treasury seal was not required to be put on the Demand Notes but



These Treasury Department employees are shown printing red Treasury Seals on currency. The U.S. Notes authorized by the Act of February 25, 1862, were printed by private bank note companies in New York City; however, to give the government complete control over final issuance, the notes were then forwarded to the Treasury Department in Washington, D.C., to be imprinted with the Treasury Seal.



This \$5 United States Note dated March 10, 1862, lacking the Treasury Seal, is the first known error to occur on U.S. Federal Currency.

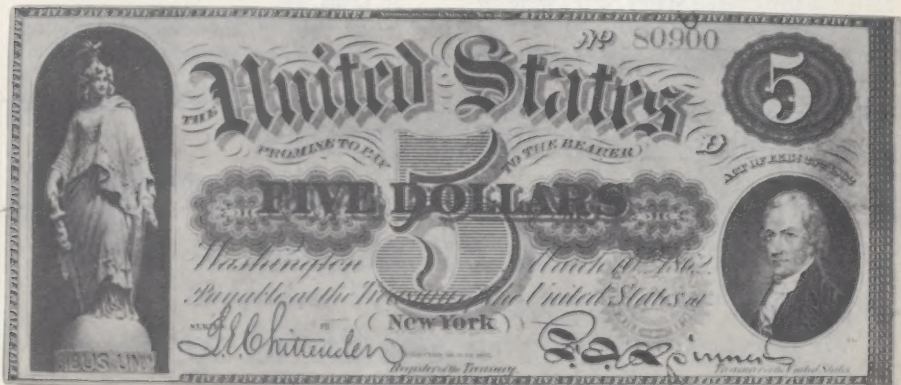
was required on all interest-bearing notes authorized by the same legislation.

By an amendment of August 5, 1861, Assistant Treasurers of the United States at St. Louis and Cincinnati were added as paying agents, and the denominations were lowered to \$5. That amendment also specifically eliminated the application of the Treasury Seal on interest-bearing notes, just as had been the original provision as to Demand Notes. The avoidance of the application of a seal was an attempt to expedite the issuance of those obligations. Both types of notes therefore were issued without seals.

By the Act of February 25, 1862, the issuing of \$150,000,000 of legal-tender United States Notes was approved, \$50,000,000 of

which were to be substituted for the same amount of Demand Notes. The United States Notes were permitted to have either written or engraved signatures and were required to have as evidence of their lawful issuance the imprint of the seal of the Treasury Department. That imprint was to be made under the direction of the Secretary of the Treasury.

If engraved signatures were selected, they would be included on the plates made by private bank note companies. Since private bank note companies would print the notes from those plates, some means had to be provided to give the government complete control over final issuance. Hand-written signatures obviously were too time-consuming, as the ex-



This \$5 United States Note dated March 10, 1862, was correctly imprinted with the Treasury Seal in the lower right area.



An enlargement of the error note (right) shows the area where the Treasury Seal should have been imprinted, but was not. There could be other such error notes that have not yet been found.

perience with Demand Notes had apparently shown, and the Secretary of the Treasury selected engraved signatures. Numbering itself could not be so used with reliability; thus, the seal became the final checking feature.

The United States Notes authorized by the Act of February 25, 1862, had an engraved date of March 10, 1862, and were printed by private bank note companies in New York City. In a completely separate operation the seals were printed in red on the four-subject sheets by the Treasury Department in Washington, D.C.

In the haste to put United States Notes into circulation, the seals were accidentally omitted from a few sheets. Such an error was not readily noticed by the public because Demand Notes of a very similar design to the United States Notes were circulating without any seal.

The only information that was located

in the U.S. Archives about the lack of a seal on United States Notes is in the letter copy book of Francis E. Spinner, Treasurer of the United States. That letter, dated April 21, 1862, and written to Ben Farrar, the Assistant Treasurer of the United States at St. Louis, reads as follows:

Office of Treasurer of U.S.,
April 21st, 1862

Sir:

Your letter of the 16th instant has been received. The law requires that this new legal tender note should bear the seal of the Treasury Department. If you will return the notes you mention as being unsealed, I will then send them back to you with the seal affixed or credit you a draft for the eighty dollars on the Asst. Treas. N.Y.

Ben Farrar, Asst. T.U.S.
St. Louis, Mo.

Yours very respectfully,
F.E. Spinner, Treasurer of U.S.

QUALITY WORLD COINS

We are one of the nation's leading experts in quality world coins. Whether you're buying or selling, it will pay you to check with us.

We offer: Experience - Knowledge - Reliability - Dedication
Extensive Stock - A Solid "Time-Tested" Reputation

M. Louis Teller, Norman I. Applebaum, Ph.D.
Members of ANA, NASC, FUN, INS, OIN, RNS, SIN, etc.



LM 1246
LM 1347

M. LOUIS TELLER NUMISMATIC COMPANY
15910 Ventura Blvd., Suite 729 • Encino, California 91436
Phone (818) 783-8454 • Telex 559297

The initial letter from Ben Farrar dated April 16, 1862, has not been located. It could have indicated that either four \$20 notes, eight \$10 notes, or sixteen \$5 notes did not have seals printed on them. The Spinner reply apparently resulted in the notes aggregating \$80 being returned to Washington and probably being sealed there for return or credit so that they could be introduced into circulation. Obviously, some error notes were not found.

The error note that was discovered recently shows some normal circulation wear and could have been in use anywhere in

the United States before its arrival at St. Louis as part of a small collection.

It is an even more remarkable coincidence that St. Louis is so intimately and completely involved in this story about the error note. Ronald L. Horstman of St. Louis located the Spinner letter in his research for an article about United States Demand Notes; Eric P. Newman of St. Louis located the error note in his duplicates when preparing an exhibit; and Ben Farrar wrote the letter about finding error notes in 1862 when he was Assistant Treasurer of the United States at St. Louis.

SOURCES


National Archives. Record Group 50, Treasury of U.S. Domestic L/S Volume 12.

RONALD L. HORSTMAN is a financial historian and paper money collector who has written numismatic articles for historical society publications and paper money journals. He presently serves on the Board of Governors of the Society of Paper Money Collectors.

A respected authority on American numismatics and winner of 15 Heath Literary Awards, ERIC P. NEWMAN is the only person to be awarded both the ANA's Farran Zerbe Memorial Award and the American Numismatic Society's Archer M. Huntington Medal, the highest numismatic accolades bestowed by each organization. Newman serves as counsel for Edison Brothers Stores in St. Louis. His most recent contribution to *The Numismatist* was "The Earliest Money Using the Dollar as an Official Unit of Value" in the November 1985 issue.

COLLECTORS INVESTORS • DEALERS

- Rare coins and stamps purchased, sold and appraised
- An impressive, in-store inventory of high grade properties
- Confidential investment consultations and transactions
- An array of personalized services by courteous, trained professionals

 **Main Line Coin & Stamp, Inc.**
16 East Lancaster Ave.
Ardmore, PA 19003
(215) 649-7900



Robert Riethe
R67397

Please request our free investment guide!